THE TARIFF COMMISSION

SERVICE MONOGRAPHS

OF THE

UNITED STATES GOVERNMENT

NO 8

INSTITUTE FOR GOVERNMENT RESEARCH

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THE TARIFF COMMISSION
ITS HISTORY, ACTIVITIES AND ORGANIZATION

THE INSTITUTE FOR GOVERNMENT RESEARCH

Washington, D. C.

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BY
JOSHUA BERNHARDT

D. APPLETON AND COMPANY
NEW YORK LONDON
1922

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FOREWORD

The first essential to efficient administration of any enterprise is full knowledge of its present make-up and operation. Without full and complete information before them, as to existing organization, personnel, plant, and methods of operation and control, neither legislators nor administrators can properly perform their functions.

The greater the work, the more varied the activities engaged in, and the more complex the organization employed, and more imperative becomes the necessity that this information shall be available—and available in such a form that it can readily be utilized.

Of all undertakings, none in the United States, and few, if any, in the world, approach in magnitude, complexity, and importance that of the national government of the United States. As President Taft expressed it in his message to Congress of January 17, 1912, in referring to the inquiry being made under his direction into the efficiency and economy of the methods of prosecuting public business, the activities of the national government "are almost as varied as those of the entire business world. The operations of the government affect the interest of every person living within the jurisdiction of the United States. Its organization embraces stations and centers of work located in every city and in many local subdivisions of the country. Its gross expenditures amount to billions annually. Including the personnel of the military and naval establishments, more than half a million persons are required to do the work imposed by law upon the executive branch of the government.

"This vast organization has never been studied in detail as one piece of administrative mechanism. Never have the foundations been laid for a thorough consideration of the relations of all its parts. No comprehensive effort has been made to list its multifarious activities or to group them in such a way as to present a clear picture of what the government is doing. Never has a complete description been given of the agencies through which these activities are performed. At

no time has the attempt been made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business."

To lay the basis for such a comprehensive study of the organization and operations of the national government as President Taft outlined, the Institute for Government Research has undertaken the preparation of a series of monographs, of which the present study is one, giving a detailed description of each of the fifty or more distinct services of the government. These studies are being vigorously prosecuted, and it is hoped that all services of the government will be covered in a comparatively brief space of time. Thereafter, revisions of the monographs will be made from time to time as need arises, to the end that they may, as far as practicable, represent current conditions.

These monographs are all prepared according to a uniform plan. They give: first, the history of the establishment and development of the service; second, its functions, described not in general terms, but by detailing its specific activities; third, its organization for the handling of these activities; fourth, the character of its plant; fifth, a compilation of, or reference to, the laws and regulations governing its operations; sixth, financial statements showing its appropriations, expenditures and other data for a period of years; and finally, a full bibliography of the sources of information, official and private, bearing on the service and its operations.

In the preparation of these monographs the Institute has kept steadily in mind the aim to produce documents that will be of direct value and assistance in the administration of public affairs. To executive officials they offer valuable tools of administration. Through them, such officers can, with a minimum of effort, inform themselves regarding the details, not only of their own services, but of others with whose facilities, activities, and methods it is desirable that they should be familiar. Under present conditions services frequently engage in activities in ignorance of the fact that the work projected has already been done, or is in process of execution by other services. Many cases exist where one service could make effective use of the organization, plant or results of other serv-

ices had they knowledge that such facilities were in existence. With the constant shifting of directing personnel that takes place in the administrative branch of the national government, the existence of means by which incoming officials may thus readily secure information regarding their own and other services is a matter of great importance.

To members of Congress the monographs should prove of no less value. At present these officials are called upon to legislate and appropriate money for services concerning whose needs and real problems they can secure but imperfect information. That the possession by each member of a set of monographs, such as is here projected, prepared according to a uniform plan, will be a great aid to intelligent legislation and appropriation of funds can hardly be questioned.

To the public, finally, these monographs will give that knowledge of the organization and operations of their government which must be had if an enlightened public opinion is to be brought to bear upon the conduct of governmental affairs.

These studies are wholly descriptive in character. No attempt is made in them to subject the conditions described to criticism, nor to indicate features in respect to which changes might with advantage be made. Upon administrators themselves falls responsibility for making or proposing changes which will result in the improvement of methods of administration. The primary aim of outside agencies should be to emphasize this responsibility and facilitate its fulfillment.

While the monographs thus make no direct recommendations for improvement, they cannot fail greatly to stimulate efforts in that direction. Prepared as they are according to a uniform plan, and setting forth as they do the activities, plant, organization, personnel and laws governing the several services of the government, they will automatically, as it were, reveal, for example, the extent to which work in the same field is being performed by different services, and thus furnish the information that is essential to a consideration of the great question of the better distribution and coördination of activities among the several departments, establishments, and bureaus, and the elimination of duplications of plant, organization and work. Through them it will also be possible to subject any particular feature of the administrative work of the government to exhaustive study, to determine, for example, what facilities, in the way of laboratories and other plant and

equipment, exist for the prosecution of any line of work and where those facilities are located; or what work is being done in any field of administration or research, such as the promotion, protection and regulation of the maritime interests of the country, the planning and execution of works of an engineering character, or the collection, compilation and publication of statistical data, or what differences of practice prevail in respect to organization, classification, appointment, and promotion of personnel.

To recapitulate, the monographs will serve the double purpose of furnishing an essential tool for efficient legislation, administration and popular control, and of laying the basis for critical and constructive work on the part of those upon whom responsibility for such work primarily rests.

Whenever possible the language of official statements or reports has been employed, and it has not been practicable in all cases to make specific indication of the language so quoted.

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THE TARIFF COMMISSION

ITS HISTORY, ACTIVITIES, AND ORGANIZATION

CHAPTER I

HISTORY

The United States Tariff Commission, an independent establishment, is a non-partisan permanent agency whose function it is to assist Congress and the President in tariff legislation through investigation and study of the operation of the customs laws of this country, the fiscal and industrial effects thereof, and the tariff relations between the United States and foreign countries.

The creation of the commission followed many years of agitation for such a body. The need was long recognized for securing such results in this country as were obtained through quiet investigation in European countries by the "continuous activity of permanent officials of the different governmental departments concerned in tariff legislation . . . who devote themselves solely to the problem and who have been studying all factors involved in tariff legislation for a generation."[1] Under the cabinet form of government in Europe, these officials who are not subject to party control have been able to exert a direct and frequently a controlling influence on legislation. Such a system was, of course, not workable in the government of the United States with its "union of powers organically and separation of powers personally." Moreover, aside from the general nature of the system of government, fundamental economic and political conditions in the

[1] Emery, "Economic Investigation as a Basis for Tariff Legislation," *American Economic Review,* Vol. II, no. 1, Supplement, p. 18 (1912).

United States have been such as to discourage the effort to induce Congress to yield any portion of the responsibilities and activities which have been involved in tariff legislation, even the mere study of the underlying pertinent facts. The tariff has been a matter of such vital significance to the various sections of the country that the electorate or the controlling portion thereof has generally insisted upon immediate and direct responsibility of its representatives in Congress for legislation in this field. In consequence, the national legislators long looked with suspicion upon any attempt to create any body which might in any way hobble their efforts to meet the demands of the dominant influences in their constituencies.

Nor was there any strong pressure of public opinion to force a departure from the prevailing unscientific and crude methods which were as satisfactory to the protectionists as to the advocates of a tariff for revenue or of free trade. The protectionists were usually able to obtain their ends directly through Congress. In fact, it has been pointed out that "no form of legislation has been more subject to extra-parliamentary influence than the tariff bills of the Congress of the United States." [2] It was feared that scientific and impartial study of the tariff problem by an independent government body might demonstrate that conditions of international competition did not demand such high rates as were in effect. On the other hand the advocates of a tariff for revenue [3] and the free traders objected to such a body because the very name "tariff commission" presupposed the existence of or need of a protective tariff and was a banal concession to what they deemed a fallacious doctrine.

With underlying conditions thus unfavorable it is not surprising that a permanent independent branch of the government for the study of Tariff problems was not established until 1916, although a precedent and model for such a body

[2] Cyclopedia of American Government, III, 473.

[3] It has only been recently demonstrated that even the establishment of a tariff for revenue requires expert study as well as the protective tariff. See article by H. C. Emery cited above.

could readily have been found in the Interstate Commerce Commission which had had an uninterrupted existence since 1887. Attempts were made before the creation of the present commission to provide for scientific and expert study of various aspects of the tariff question by government agencies, but these were all temporary bodies aimed to meet special circumstances and emergencies. Since the present commission represents the fruition of the experiences of its predecessors, a brief account will be necessary of each of these ephemeral agencies.[4]

The Revenue Commission of 1865. The first impetus to the utilization by Congress of an outside body to aid it in tariff legislation came just before the close of the Civil War

[4] Only those governmental agencies are considered in this monograph which Congress established definitely for the purpose of assisting it in framing tariff legislation. There were, however, various bureaus or divisions established primarily for other purposes which were of utility to Congressional committees in this direction. As far back as in 1842, the Secretary of State was required by act of August 16, (5 Stat. L., 507) to lay before Congress annually at the commencement of its session, in a compendium form, all such changes and modifications in the commercial systems of other nations whether by treaties, duties on imports and exports, or other regulations as might have come to the knowledge of the department. Subsequently a Bureau of Statistics was established in the Department of State, which prepared and published several volumes on "Tariffs of Foreign Countries." A report on "Modern Tariff Systems" was prepared in 1902 by the Bureau of Statistics of the Treasury Department. This bureau was consolidated with the Bureau of Statistics on February 14, 1903 into the Bureau of Statistics of the Department of Commerce and Labor and the work of collating and arranging tariffs of foreign countries from the reports of the International Bureau for the Publication of Customs Tariffs was assigned to it by act of March 18, 1904 (33 Stat. L., 138). A division of foreign tariffs was created in the bureau for this purpose. On June 1, 1906 this division was transferred to the Bureau of Manufactures which was consolidated with the Bureau of Statistics into the Bureau of Foreign and Domestic Commerce on August 23, 1912 (37 Stat. L., 407). Congressional committees have often made use of this division when dealing with tariff legislation as well as the reports of special agents of the Department of Commerce, which frequently contain valuable information on economic conditions abroad, costs, prices, duties, etc. For a more complete account of the above agencies see the Institute's monograph on the Bureau of Foreign and Domestic Commerce.

in the necessity for revision of the revenue laws which had become confused in consequence of frantic efforts to tap new sources of funds to prosecute the War. By Act of March 3, 1865 (13 Stat. L., 487) it was provided that:

> The Secretary of the Treasury is hereby authorized to appoint a Commission, consisting of three persons, to inquire and report at the earliest practicable moment upon the subject of raising by taxation such revenue as may be necessary in order to supply the wants of the government, having regard to and including the sources from which such revenue should be drawn and the best and most efficient mode of raising the same and to report the form of a bill.

The termination of the War shortly after the passage of the bill caused the Revenue Commission, consisting of David A. Wells, Stephen Colwell, and S. S. Hayes, to adopt a different view point as to its proper functions than that contemplated by Congress, and in its report submitted on January 29, 1866 [5] the commission confined itself to advising modifications in existing tariff and internal revenue laws. The Committee of Ways and Means followed the recommendations of the commission in large measure in the bills which it reported to the first session of the 39th Congress. Subsequently the Act of July 13, 1866 (14 Stat. L., 170) was enacted which provided for the appointment by the Secretary of the Treasury of a special Commissioner of the Revenue, to hold office to the close of the fiscal year 1869-70:

> from time to time to report through the Secretary of the Treasury, to Congress, either in the form of a bill or otherwise, such modifications of the rates of taxation, or of the methods of collecting the revenues, and such other facts, pertaining to the trade, industry, commerce, or taxation of the country, as he may find, by actual observation of the operation of the law to be conducive to the public interest.

The work of the first body which was created in the United

[5] 39 Cong. 1 sess., H. ex. doc. 34.

States to assist Congress in tariff legislation was thus fruitful in two directions: its recommendations had been reflected in legislation and there had been established what appeared to be a permanent office to carry on the work begun by it.

The Commissioner of Revenue. Mr. David A. Wells, who had been chairman of the Revenue Commission of 1865, was appointed Special Commissioner and served until 1870.[6] Of his work, Professor Davis R. Dewey writes[7] that while he had "executed his commission with conscientious faithfulness and industry and collected a large amount of valuable data" he lost such opportunity as was afforded to influence legislation constructively because he urged tariff reform in the direction of free trade at a time when controlling opinion was becoming identified with the protectionist movement and thereby "brought commission expert service into disrepute." Another authority[8] criticizes the Commissioner's reports on the ground that they were "characterized by passionate partisanship and a controversial spirit unbecoming a public officer" and points out that the Commissioner was suspected and accused of unworthy motives in his change of opinions from protectionist to free trader.

Whatever may have been the true status of his influence, the outcome of this early experiment in expert study of tariff problems was not of a nature to promote its continuance. It was not until 1882, eighteen years later, that another attempt was made with a Commission.

The Tariff Commission of 1882. Just as a specific situation demanding immediate relief brought forth the Revenue Commission of 1865, so also a special situation led to the creation of the Tariff Commission of 1882. This special

[6] On Sept. 10, 1866, the Secretary of the Treasury wrote a letter to the Revenue Commissioner instructing him "to give the subject of the revision of the tariff especial attention."

[7] Cyclopedia of American Government, III, p. 472.

[8] Stanwood, American Tariff Controversies, II, 161.

cause was the plethoric condition of the Federal Treasury. Between the fiscal years 1874-75 and 1877-78, the public debt had been reduced more than a hundred million dollars and in addition nearly half a million six per cent bonds were refunded, while in the two fiscal years 1878–79 and 79–80 there was a further reduction in debt of almost a hundred million. Such rapid reduction in the public debt was not deemed desirable, and it was recognized that a reduction of taxes and a revision of the tariff was necessary.

While the condition of the Treasury was the primary cause for the advocacy of a commission, other influences were beginning to shape themselves, which in later years became relatively more important. First of all, maladjustments in tariff rates due to rapid current transformations in the technique and economics of industry were manifesting themselves.[9] Secondly, there was much confusion in the revenue laws. One Senator, complaining of this situation, said in 1881

> I wish any Senator would take Heyl's Digest of the Revenue Laws and the decisions upon them and if he attempts to gather from it anything like a definite idea of the system he will be afflicted worse than vertigo twenty times over.[10]

Members of Congress were also beginning to realize that the existing method of framing tariff legislation imposed too great a burden [11] upon the committees of Congress and that blunders were consequently unavoidable.

By act of May 15, 1882 (22 Stat. L., 64) Congress pro-

[9] Thus the Secretary of the Treasury wrote in 1881 in illustration of the difficulties "that specific duties which had been imposed by the Act of 1864 on iron and steel no longer had a proper relation to ad valorem duties on articles manufactured from these metals while new articles were being imported constantly not mentioned in the tariff."

[10] *Congressional Record,* LI, 73. (47 Cong. 1 sess., 1881).

[11] At a later date statements were made by members of Congress who participated in tariff legislation that they believed their lives had been shortened by the strain to which they were subjected as members of committees preparing tariff bills. (See e.g. *Congressional Record,* May 9, 1912: Vol. 283, p. 6187.)

vided for the appointment of nine Commissioners from civil life whose duty it should be

to take into consideration and to thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff, upon a scale of justice to all interests, and for the purpose of fully examining the matters which may come before it.

The Tariff Commission was empowered in the prosecution of its investigations to visit the different sections of the country if it should find it advisable to do so, and a final report was to be made to Congress "of the results of its investigations and the testimony taken not later than the first Monday of Dec. 1882."

The commission was forbidden from proposing "a radical or subversive change in the present general economical policy of the country." A revision on a scale of justice to all interests, not a destruction of existing tariff laws, was desired.[12] In its investigations, the commission followed the method of congressional committees, conducting hearings in twenty-nine different places and examining 604 witnesses in sessions upon seventy-eight days. The results of the investigations were embodied in a report presented to Congress in December, 1882.[13] The report contained recommendations for reductions in duties, estimated to average 25 per cent, and suggested many changes in the administration of the customs service. In addition, the creation of a customs court was proposed to assume jurisdiction of all cases originating in conflicting interpretations of the tariff laws, and the adoption was urged of the rule that the addition of costs of inland transportation to the invoice value of imported merchandise should not be permitted in determination of the ad valorem duty.

[12] Appleton's Annual Cyclopedia, 1882, p. 778.
[13] 47 Cong. 2 sess., H. misc. doc. 6.

Congress practically disregarded the commission's recommendations and each Chamber proceeded to draft a bill independently, accompanied by the usual sectional and industrial controversy as each interest attempted to gain the maximum benefit from the proposed legislation. It seemed therefore at the time that the work of the commission had been fruitless. The outcome of this apparent failure was the discouragement for a long period of any renewed effort to utilize a commission or board to assist Congress in tariff legislation, although it has become clear in the light of historical perspective that a valuable service was rendered by the Tariff Commission of 1882 since, as one writer has expressed it, "the tariff of 1883 was a better piece of legislation because of the recommendations of the Commission than it would have been without them." [14]

Cost of Production Study by Department of Labor. Attention has been called to the fact that both the Revenue Commission of 1865 and the Tariff Commission of 1882 were created as a result of special causes, although such general factors as the growing complexity of industry, confusion in revenue laws, etc., were of cumulative but yet subordinate significance. The direct cause for the third attempt to provide a body for study of tariff problems, was the increasing significance of the theory of international comparative production costs in tariff controversy. Protectionists had maintained that any tariff rate was satisfactory if high enough to exclude foreign competition, since domestic competition would automatically operate to reduce prices to a reasonable level. When it was charged, however, that monopolies were frequently the effect of a tariff protection greater than warranted by conditions of international competition, attention was inevitably directed toward the study of international production costs.[15]

[14] Taussig, Free Trade, Reciprocity, and the Tariff, p. 187.

[15] Robinson, in *American Economic Review,* Supplement to Vol. II, no. 1, p. 38 (1912).

A Democratic Congress, by act of June 13 1888 (25 Stat. L., 182), directed the newly created Department of Labor "to ascertain, at as early a date as possible, and whenever industrial changes shall make it essential, the cost of producing articles at the time dutiable in the United States, in leading countries where such articles are produced, by fully-specified units of production, and under a classification showing the different elements of cost, or approximate cost, of such articles of production, including the wages paid in such industries per day, week, month, or year, or by the piece; and hours employed per day; and the profits of the manufacturers and producers of such articles; and the comparative cost of living, and the kind of living." The Commissioner of Labor was directed also by this act "to ascertain and report as to the effect of the customs laws."

Pursuant to the provisions of this act the Department of Labor (now the Bureau of Labor Statistics) began investigations into costs of production of iron, steel, glass, textiles, coal, and coke in the United States and in the principal European countries. The work was completed in 1891 and the results were published as the sixth and seventh annual reports of the Commissioner of Labor. Practically nothing further was done [16] until the work was transferred to the Bureau of Foreign and Domestic Commerce in 1912. The explanation of this long period of quiescence is to be found in large measure in the change of administration which followed the enactment of the law of 1888. The Republican party advanced as its supreme issue in the 1888 campaign the uncompromising support of a protective tariff policy. As a consequence of its victory in that campaign, the McKinley tariff was enacted in 1890, and the protection policy was thereby fully recognized and accepted. It was inevitable that continuance of investigations of comparative international production costs, which

[16] In 1897 a report was issued on white pine lumber in the United States and Canada and in 1898 a report on the total cost and labor cost in the production of certain articles in the United States.

might be utilized by the opposition party to demonstrate fallacies in the accepted policy, would be discouraged by administrations definitely committed to that theory and that appropriations for such a purpose would not be forthcoming.[17]

The Tariff Board 1909–1912. With the policy of protection thus dominant, there was apparently no need for the creation of a commission or bureau to study the questions relating to the tariff. But with the continued growth of monopoly, alleged to be fostered by high tariff rates, the gradually rising price level, and the distress which came in the wake of the panic of 1907, general dissatisfaction with the old methods of tariff legislation developed. In 1907, the Merchants' Association of New York adopted a resolution favoring the creation of a tariff commission "which shall take the tariff out of politics and politics out of the tariff." [18] A similar resolution was adopted by the National Association of Manufacturers in 1908. In 1909, a National Tariff Commission convention was held at Indianapolis and a permanent organization was effected to conduct the campaign in behalf of a tariff commission.

It was not, however, this agitation in the business world or the rapidly increasing perplexities attending tariff legislation which brought about the creation of such a body. Again it was the pressure of a special situation. The Payne-Aldrich tariff law, enacted in 1909, contained a so-called maximum and minimum clause, which imposed upon the President the duty of ascertaining whether foreign nations were discriminating against the United States in their tariff laws, and authorized him to issue proclamations fixing the tariff of the United States accordingly. In order that the President might have expert assistance in executing this purpose of the law, Article 718, Section 2, provided that

> To secure information to assist the President in the dis-

[17] *Congressional Record*, May 9, 1912, Vol. 283, p. 6181.
[18] Willis, Scientific Tariff Making, p. 17.

charge of the duties imposed upon him by this section, and the officers of the Government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required.

Utilizing this minor clause of the law as authorization, President Taft appointed a Tariff Board in September 1909, composed of three Republican members. On March 4, 1911, he added two other members, both Democrats, to the board.[19] From September 1909 to April 1910 the board coöperated with the State Department in the study of discrimination against the United States by foreign countries in their tariff laws. Thereafter investigations were made of the industrial effects of the tariff laws of this country. After conducting investigations and hearings, reports were issued on cotton and woolen textiles; chemicals, oils and paints; pulp and news print papers; and reciprocity with Canada. Much information which was not yet in form for publication when the Tariff Board was put out of existence in 1912, had been assembled on the manufacture of iron, steel, lead, zinc, silk, flax, hemp, jute, hides, leather, leather goods, and sugar; the production of corn and wheat; and the fruit and nut industries.

The work of the board has been described by one of its members as a "mere prologue without a play" since its labors were not reflected in legislation. Shortly after it began its work, the Administration lost its majority representation in the House of Representatives, and was compelled to meet the opposition of leaders who were opposed to a continuance of any protective tariff and saw no utility in a Tariff Board, the existence of which seemed to them predicated on the continuance of such a tariff. President Taft, who was an ardent advocate of a permanent board or commission, endeavored to

[19] This was done in order to carry out the intent of bills passed in both Houses of Congress but not enacted in the last session of the 61st Congress providing for the creation of a permanent tariff board of five members.

effect coöperation between the board and the majority party in the House. At one time he invited the Chairman of the Ways and Means Committee and the members of the Tariff Board to a conference and formally tendered the services of the board to the chairman. No coöperation followed, but instead the "two bodies revolved in different orbits." [20] There developed also much popular impatience with the board's work because it refused to frame recommendations for tariff legislation but instead insisted upon careful investigation which required considerable time. Since President Taft was unwilling to sign tariff measures until the reports of the board were available as a basis for judgment, there was considerable pressure upon the board to justify its existence, and there were evidences that reports were submitted before they had been entirely completed. The fact that various bills could be introduced for a tariff on wool by the Democrats, Progressives, and Republicans, all of them based on the findings of the board, was a shock to many who had hoped that a tariff board would take politics out of the tariff.

As a consequence of the dissatisfaction with its effect upon legislation the Democratic Congress [21] refused an appropriation for the board for the fiscal year 1912-13, thus automatically terminating its existence on June 30, 1912,[22] in spite of considerable agitation for the establishment of a permanent non-partisan body of this sort.

Although the Tariff Board experiment had thus turned out an apparent failure, much had really been achieved in furtherance of the idea of a permanent body to aid Congress in tariff legislation.

The experiences of the board were not without value both in the drafting of the law creating the present commission and in providing a basis for its organization and policies.

[20] Reynolds in *North American Review*, June, 1916, p. 852.

[21] See *Congressional Record*, May 9, 1912, Vol. 283, p. 6181 where the board is referred to as a "body of clerks of the President."

[22] Appropriations to this date for the board had been $564,220.85.

Perhaps its most important contributions in view of its bipartisan character, was the demonstration of two important facts: first, that while non-partisanship is impossible on so politically important a matter as the tariff, unanimity is possible on findings of facts; second, that while absolutely accurate ascertainment of comparative international costs was not practicable, it was possible "in cases of most staple articles of manufacture to determine the ratio of costs between two different countries.[23]

Utilization of Bureau of Foreign and Domestic Commerce for Tariff Study. Although the Democratic Congress refused to provide funds for the Tariff Board, the demand was so insistent from influential quarters in all parts of the country for a permanent non-partisan body to study the facts underlying tariff questions that the party leaders felt it politically wise to take some action in this direction. Accordingly the House Ways and Means Committee in May, 1912, reported a bill which included a provision revivifying the long dormant provisions of the act of 1882, which had directed the Department of Labor to make cost of production investigations, by transferring this duty to the proposed Bureau of Foreign and Domestic Commerce.

There was much opposition to this proposal on the part of many Representatives who detected in it an attempt to create a new tariff board.[24] The bill was passed finally, after it had been made clear that the function of this bureau would only be to ascertain facts in response to the requests made by the President, Congress, and its committees, and that it would not attempt to derive conclusions from the facts. Furthermore, it was stressed that since the bureau was created by Congress it would be under the control of the House of Representatives where tariff legislation originated and not as

[23] Emery as above p. 19 et seq.
[24] *Congressional Record*, May 9, 1912, Vol. 283, p. 6179 et seq.

in the case of the defunct Tariff Board, a creature of the Executive.

The bill became a law on August 23, 1912 (37 Stat. L., 407). No provision was then made for funds to carry out the purposes of the section of the act here referred to but in October, 1913, an appropriation of $50,000 was made for investigating costs of production and the same amount was appropriated for the three succeeding years. A cost of production division was organized in the Bureau of Foreign and Domestic Commerce, which between May, 1913, when the first investigation was begun, and the transfer of the division to the Tariff Commission in April, 1917, completed studies of nine important industries, the pottery industry, five important branches of the clothing industry, the cotton spinning machinery industry, the cane sugar industry, and the glass industry.[25]

The Creation of the U. S. Tariff Commission. The creation of the cost of production division in the Bureau of Foreign and Domestic Commerce did not fill the vacuum brought about by the dissolution of the Tariff Board. Other phases of the bureau's activities—particularly the trade-promotion work—distracted public attention from its cost studies. By the provisions of the act creating the bureau, the investigations of the division were confined only to dutiable articles. Finally, the reports of such a subordinate governmental agency could not carry weight with either Congress or the general public.

The agitation for a tariff commission, therefore, continued. The Chamber of Commerce of the United States in the spring of 1913 conducted a referendum among its affiliated commercial organizations, and out of a total of 724 votes only nine were opposed to the creation of a commission. Many articles appeared in scientific and popular journals, some of

[25] For full account of the work in this division, see Bureau of Foreign and Domestic Commerce, Annual Report, 1916, pp. 81–93.

them written by the men who had been connected with the Tariff Board, pointing out the necessity for a commission, the lessons to be drawn from past experience as to the proper functions, services, and methods for such a body, and the problems to be faced. A Tariff Commission League was created in Chicago in 1915, the object of which was to support a bill to create a tariff commission.

In the referendum which was sent out by the Chamber of Commerce the "place of a Commission" and the necessity therefor were set forth most effectively in the following language: [26]

The determination of tariff policy is a political question. Duties on imports constitute a tax. Whether or not a tax is to be levied, whether the tax should be heavy or light, for the protection of American industry or solely for revenue purposes are political questions for the determination of Congress.

What the rates of duty on specific articles should be in order to accomplish the policy established is an involved, technical, and economic question which owing to frequent changes in conditions in this and foreign countries requires constant, expert investigation as a basis for change in duty to accord with tariff policy.

Congress does not sit continuously. Its very fitness to establish policies in accord with the majority of the popular will unfits it and its members for detached investigation of economic facts regardless of policy. The necessity that the Ways and Means Committee devote much of its energy to seeking facts in regard to the tariff rather than to the weighing of legislative policy has placed an unnecessary burden on this committee. Hurried committee hearings, immediately prior to the formulation of a tariff bill, to carry out a predetermined party policy, at which interested parties appear and submit their own statistics are in no sense a satisfactory substitute for impartial, continuous investigation of conditions here and abroad.

Impartial determination of facts being a *sine qua non* to intelligent and scientific framing of tariff schedules in order

[26] Chamber of Commerce of the United States: Referendum no. 2. On the Question of a Permanent Tariff Commission, April 30, 1913: 4.

to carry out a tariff policy, the question is one only of the agency to secure these facts and present them in disinterested reports. Congress sitting at intervals and engaged in formulating and carrying out policies does not and cannot in the nature of things provide this agency from within itself. The Departments must have many diversified interests and cannot concentrate attention on one subject. Direction and authority should not be confined to one man when the object is to secure disinterested investigation and report on matters to be made the subject of party policy and legislation. The best agency that experience has yet devised for these purposes is a commission permitting of deliberation between persons of high standing and representing different views as to party policy.

Both Congress and President were suspicious of this agitation, which was regarded as merely a Republican device to keep the protection idea alive.[27] However, as it became clear that the economic effects of the European War would transform the industrial and commercial world, the need of information as a guide to future policies of the government in economic affairs became generally manifest. On January 24, 1916, President Wilson, in a letter to the Chairman of the House Ways and Means Committee, urged the creation of a tariff commission

To provide the government with necessary data to furnish sound basis for policy which should be pursued in the years immediately ahead of us, years which will no doubt be full of many changes which it is impossible even for the most prescient to forecast.[28]

It will be noted from the President's language that he urged the creation of the commission to meet the unusual conditions arising from the war and not on the ground that such a body was required to aid Congress in tariff legislation by "impartial determination of facts" on an "involved, technical, and

[27] See President Wilson's address before Business Men's League of St. Louis, Feb. 3, 1916.

[28] *Congressional Record,* July 6, 1916, Vol. 337, p. 10,529.

economic question," as the Chamber of Commerce stated in the referendum.[29]

Provision for the creation of the commission was made by act of September 8, 1916 (39 Stat. L., 795). The act provided for a commission of six members appointed for overlapping terms by the President and confirmed by the Senate. Nonpartisanship was to be secured by the requirement that not more than three of the Commissioners were to be members of the same political party. The duties of the commission were in brief, to investigate the operation, administration, and fiscal and industrial effects of the customs laws of this country. It was given power "to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, and economic alliances, and the conditions and causes relating to the competition of foreign industries with those of the United States." Coöperation with the congressional committees was provided for by the requirement "that the Commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested."

A nucleus for an administrative and clerical staff was created by the transfer to the commission of the Cost of Production Division of the Bureau of Foreign and Domestic Commerce along with its files, records, and property, as well as that of the former Tariff Board. Specific provisions were contained in the act to enforce both the right of access to records and papers of business concerns engaged in the produc-

[29] Here, as in the enactment of other laws embodying important reforms, to quote from Ripley, "great laws are not the figments of men's minds, conjured up in a day. They are in response to the needs of the time. Their true causes are thus immeasurably complex. Nor does a wholesale public demand for legislation arise overnight. From small beginnings the pressure steadily grows, oftentimes for years, until, perhaps through a conjuncture of particularly aggravating events matters are at last brought suddenly to a head."

tion, importation or distribution of any article under investigation, and power was granted to summon witnesses, take testimony, administer oaths, and require the production of books and papers. The intention of Congress to create a permanent agency was demonstrated both by the authorization of an appropriation of $300,000 for the fiscal year 1916-17 and each fiscal year thereafter and the provision that the successors of the first commissioners should be appointed for terms of twelve years.

It is of interest to contrast the type of commission the creation of which was provided for in the above act with the various governmental agencies that preceded it. In the first place, all except the Cost of Production divisions were designedly temporary bodies, established to meet special situations, while the new commission was to be permanent. The Commission of 1882 was frankly partisan and the Tariff Board, at first also a partisan body, had minority party representation only in the last year of its existence, whereas the act of 1916 provided for a non-partisan body. The Tariff Board was created by the President and was responsible to him, while the new commission was established by Congress and was to be an independent body like the Interstate Commerce Commission, responsible to Congress. Without multiplying illustrative contrasts it can be readily seen that deliberately or unconsciously out of the experiences of the earlier bodies, there had been elaborated an organization for assisting Congress in tariff legislation which institutionally and functionally represented an adaptation to conditions in the United States.

Effect of the War. The presidential election of 1916 and the seriousness of international problems as marked by severance of diplomatic relations with Germany presumably delayed the appointment of members of the Tariff Commission, who were not named until March 21, 1917. Formal organization took place at the close of business on March 31, 1917, only

six days before a state of war was declared between the United States and Germany. Consequently in the first few years of its existence, the Tariff Commission was confronted largely with abnormal conditions. Shortly after its organization studies were begun of the war's effects upon various industries which were of significance in tariff legislation. Until the armistice was signed, each of the Commissioners was called upon to devote a part of his time to the aid of one or more of the agencies created by the government for war purposes.

Indeed, the connection of Chairman Taussig with the price-fixing committee of the War Industries Board and with the Sugar Equalization Board did not end until his departure in March to attend the peace conference at Paris. Commissioner Lewis continued until the 20th of January his work with the Post Office Department in the administration of the telephone and telegraph system, a work to which he had been designated by the President under the act of May 20, 1918. The special experts assembled by the Tariff Commission for industrial investigation, inquiry into foreign commercial relations and agreements, statistical and accounting work on prices and costs, and for other appropriate duties formed a body of trained men and furnished a mass of information that has been constantly drawn upon by other Government departments and agencies.[30]

Although this pressure of war-time demands upon the commission and its staff resulted in delay in the prosecution of work in its proper sphere of activity, nevertheless much was accomplished in anticipation of the eventual return to normal conditions. Compilation of information of an encyclopedic nature was begun in 1917 in order "to have on hand, in compact and simple form, all available data on the growth, development, and location of industries affected by the tariff, on the extent of domestic production, on the extent of imports, on the conditions of competition between domestic and foreign

[30] Tariff Commission, Annual Report, 1919, p. 5.

products." Investigations were also made in 1917 of the administration of customs laws, the desirability of "padlock laws" and the substitution of free ports or free zones for the bonded warehouse and drawback system in reëxport of foreign goods. In 1918 and 1919 the work of investigation and compilation was prosecuted with vigor and extended in several directions, while in the fiscal year 1919-20 full attention was directed for the first time to the field of work for which the commission was originally created.

Present Status. With the change in the administration following the presidential election of 1920 the commission faced its first opportunity to meet the requirement for which it was originally established. Although there is evidence of coöperation between the congressional committees and the commission and its staff, it is, as yet, too soon to render even preliminary judgment as to the ultimate outcome, but it is clear that the work performed thus far by the present Tariff Commission makes possible an approximation to the ideal of what has been rather vaguely termed "scientific tariff making" to a greater degree than was possible in the case of the previous similar bodies.

In the report of the Ways and Means Committee accompanying the tariff bill for 1921, [31] acknowledgement has been made of the Tariff Commission's services as follows:

> In preparing administrative provisions of the bill
>
> The act of Congress creating the Tariff Commission authorized and directed that body to study the customs administrative laws and make recommendations to Congress in regard thereto.
>
> The Tariff Commission, after an exhaustive investigation, recommended a complete revision and codification of the customs administrative laws during the Sixty-fifth Congress, but no action was taken by that Congress.
>
> At the request of the Ways and Means Committee on May 7, 1921, the Tariff Commission resubmitted their previous recommendations with certain amendments. Such recommen-

[31] 67 Cong. 1 sess., H. Rep. 248, Part I.

dations met the approval of the committee and have been incorporated in the bill herein recommended.

In consideration of rates and classification

During the consideration of rates as well as during the hearings and previous thereto, the Tariff Commission has supplied the committee, in the form of tariff surveys, concise and comprehensive information on various subjects. In addition to this, the staff of the Tariff Commission was placed at the disposal of the committee and has been called upon to work with the committee in the drafting of the various tariff schedules. Through these efforts the bill herein recommended proposes many desirable changes in arrangement and classification. . . .

In preparation of specific schedules

Schedule 1 Chemicals, oils, and paints

The Committee on Ways and Means, in the preparation of Schedule 1 of the present tariff bill (H. R. 7456), was furnished with detailed information on all the articles in the chemical schedule by the United States Tariff Commission in the form of so-called Tariff Information Surveys. This detailed information was supplemented by a report of the Tariff Commission on a Suggested Reclassification of Chemicals, Oils, and Paints. This report was prepared after a careful study of the phraseology of the act of 1913, and of the litigation and decisions arising during the period of its operation. It also involved a careful survey of the trade and commerce in such products. This investigation has revealed many provisions in which the names or descriptions of commodities or the specification of different grades or varieties of an article could be modified so as to make the tariff law clearer, less liable to give rise to litigation, easier to administer, and more in accord with commercial practice and nomenclature. The committee adopted this reclassification as the basis for the Schedule 1 of H. R. 7456. It is believed, with such information at hand the committee has been able to present a chemical schedule which is more scientific and corresponds more nearly to the exact commercial usage than any chemical schedule of previous tariff acts. . . .

Schedule 7 Agricultural Products

In addition to the great volume of statistical and other in-

formation published by the Government, all of which was carefully examined, many governmental agencies were requested to furnish additional information upon special subjects, either in writing or by charts or by their personnel. The Departments of Agriculture and Commerce gave us valuable assistance. The publications of the Tariff Commission were extensively used and members of its efficient staff were daily consulted. The committee, however, assumes entire responsibility for the rates proposed. . . .

This schedule has been generally reclassified to secure a more orderly arrangement of the items and a more scientific adjustment of the relation between a basic commodity and the products derived from it. The conversion equivalents were worked out by the Tariff Commission. . . .

Schedule 9 Cotton Manufactures

The complicated system used in the tariff of 1909 for the application of basic duties on yarn and cloth seemed to the committee unnecessary, and in accordance with the recommendation of the Tariff Commission, and with the approval of the manufacturers, the system of "yarn count" was adopted. . . .

The phraseology of the schedule has been carefully gone over by the Tariff Commission and meets with its approval. The arrangement and wording is considered to be an improvement on any previous act.

Schedule 12. Silk and Silk Goods

As in the other textile schedules, the Tariff Commission furnished much information regarding the silk industry and rendered helpful service in the reclassification of the silk schedule. . . .

In providing general basic data:

Under authority of House resolution 63, passed May 27, 1919, the committee directed the preparation of a publication, Summary of Tariff Information. The Tariff Commission contributed largely to this work. The Summary contains a comparison of existing law with the preceding law and gives a résumé of pertinent court and Treasury decisions thereunder. The Summary also contains definitions and other tariff data in condensed form under each paragraph. At the request of the Ways and Means Com-

mittee, the United States Tariff Commission at the same time prepared a publication entitled "Statistics of Imports and Duties, 1908 to 1918, Inclusive."

A serious handicap upon the commission thus far has been the inadequacy of its appropriations. It has been impossible in the past to prosecute all the lines of activity enumerated in the law with the funds hitherto granted. On this point the Commission said in its current annual report (1921):

When the act of Congress was passed which determined the work to be done by the Tariff Commission it was impossible to foresee what expenditures must be made to carry on that work with success. It was estimated that they might be covered by an appropriation of $300,000 per annum. Experience soon disclosed the inadequacy of this sum. Even under the conditions then prevailing, it would have been impossible for the commission to prosecute all the lines of activity enumerated in the law, and the situation has become much more difficult by reason of the increase during the past four years in the cost of everything for which the commission must pay. Traveling expenses of investigators in the field, the salaries of scientific and business experts, payments for temporary special services, expenditures for foreign inquiries, and many other important items have reached levels much higher than was contemplated at the time the commission's duties were fixed. As a result it has been impossible for the commission to maintain a staff large enough to cover with completeness the whole field assigned to it by law. It was unable to pay salaries sufficient to secure the services of experts in many branches of industrial and commercial investigations, or even, indeed, as the remuneration offered by business enterprises continued to grow to hold in its service some highly esteemed members of its staff. Its work, therefore, has frequently been delayed by the withdrawal of experienced employees and the difficulty and delay in replacing them. Its inquiries in foreign countries have been hampered and greatly reduced in scope by lack of funds. For the same reason it has been impossible to keep entirely up to date many investigations both in this country and abroad that were carried out during the past three years.

CHAPTER II

ACTIVITIES

The essential function of the U. S. Tariff Commission is to aid Congress in all matters relating to tariff legislation by supplying accurate and reliable information. As Dr. Taussig, the first Chairman, has expressed it [1]

Our essential task, then, is to act as the servants and assistants of Congress. We are to gather and prepare information, to sift the essential from the nonessential. We shall bend our utmost endeavors to be exhaustive in inquiry, and at the same time brief and discriminating in statement. As regards advice, we must be sparing, since advice must often rest on the basis of established fundamental principles; and fundamental principles must be settled not by the Commission, but by Congress and by the public. We have no mission of a high-flying sort.

Although this statement as well as the letter of the law creating the commission, and the Congressional debates which preceded passage of the act, indicate that it was the intent of Congress that the Tariff Commission should be purely an investigating body without power of recommendation, it was natural that with its accumulation of much invaluable data and with its careful studies of all tariff questions the tendency should grow for congressional committees to request suggestions and recommendations on matters in which the commission has expert knowledge. The Ways and Means Committee has frequently requested reports for use in consideration of the various revenue bills. A second function, that of making recommendations to Congress,[2] is, therefore de-

[1] Address before Home Market Club, Boston, May 18, 1917.

[2] Although in the act of September 8, 1916, the use of words "recommendation," "advise," or any equivalent term is avoided, the

veloping which is as yet decidedly of subordinate significance in comparison with the function of investigation and research, though becoming of increasing importance.

A third function of the commission is to provide such information for the President as he may require in administration of special clauses of the tariff act. Thus, the act of September 8, 1916 imposed certain duties upon semi-manufactured and fully manufactured coal-tar products to meet the situation caused by the war-time shortage of dyestuffs, with the proviso that if at the end of five years less than 60 per cent of the domestic consumption was produced in the United States, the duties thus imposed would terminate automatically. The President thereupon designated the Tariff Commission as the agent for collection of the required statistical information regarding these commodities in order to ascertain when, if at all, the specified percentage of the domestic consumption was being produced.

The commission pursues many lines of investigation which may be divided fundamentally into two classes: those which are conducted with the definite end in view of aiding Congress or the President in particular problems and those which are in the nature of general research.

The commission obtains certain basic information through coöperation with the other government services, as prescribed by Section 707 of the act of September 8, 1916, through the taking of testimony at hearings and the requisition of documents as provided for in Section 706 of that act, and through primary investigations by members of its staff. From this basic information, properly arranged and indexed

commission found no embarrassment in recommending a basic foreign tariff relation policy in a report issued in February, 1919: "that it should be the policy of our government to offer equality of tariff treatment to all who grant like treatment to the United States and its products, and to penalize with a higher tariff those countries which refuse us equality of treatment." An interesting feature to be noted in the more recent development of the commission's functions is its tendency to become the agency for initial hearing (prior to submission to committees of Congress) of claims of various industries for special or changed treatment in tariff legislation.

and supplemented by work in the field, many studies or reports are prepared. It is these reports rather than "activities" in the usual meaning which may be conveniently and logically classified as in the following pages.

Investigations to Aid in Revision of Customs Administrative Law. Although revision and codification of the laws governing the collection of duties on imports had been frequently urged, nothing was done prior to 1916 to adapt the mechanism of customs revenue collection and control to the requirements of modern trade and industry except for the codification of 1874 and a limited revision in 1890. The Tariff Commission began work thereon directly after its organization, in conformity with Section 702 of the act of September 8, 1916, which provides that "it shall be the duty of said Commission to investigate the administration . . . of the customs laws of this country now in force or which may be hereafter enacted . . . and in general to investigate the operation of customs laws."

The commission in 1918 issued a report on its proposed revision which was framed in coöperation with customs and judicial officers, and representatives of importing, exporting, and manufacturing interests.

Interim Legislation. Shortly after its organization, the Commission, in response to a request from the Ways and Means Committee for suggestions of revenue legislation, studied the problem of protecting the Treasury against the financial loss occasioned because of the unusual rush of importations of various commodities in anticipation of advancing duties in periods when Congress has customs legislation under consideration. Investigation was made of the practices of foreign countries in this matter and the recommendation advanced that "prior to tariff and internal revenue increases, statutory provision be made whereby duties and taxes shall attach to merchandise previous to the date of the final passage of tariff and internal revenue laws." No

actual collection of taxes is suggested, but importers and others liable to tax could be required to give bond to the Secretary of the Treasury, "collection to be made eventually at the increased rates as settled on enactment."

Free or Foreign Trade Zones. The investigation of the administration of the customs laws has led to a study of the so-called "free zone" as alternative or supplementary instrumentality to the bonded warehouse and drawback system in handling reëxport in foreign trade. The commission was specifically requested to investigate this problem both by the Ways and Means Committee on August 16, 1917, and the Senate Committee on Commerce on May 3, 1918.

A report was submitted on November 20, 1918, entitled "Free Zones in Ports of the U. S." which was based on hearings held in San Francisco, New York, and Philadelphia, information obtained by investigations in New Orleans and Galveston, questionnaires sent out to several hundred merchants and shippers, a study of the history and workings of free ports and zones in Europe and of laws and regulations controlling them, and information as to recent foreign developments secured through the Department of State. The inquiry has been continued so that not only has a study been made of the "practice and results in foreign countries and the adaptability of the device to the needs of American commerce, but extending as well to the legal questions raised by the proposed legislation." As the results of its investigations on this subject the commission has recommended the passage of permissive legislation for the creation of foreign trade zones.

Investigations to Aid Congress in Revision of Existing Tariff Laws. Constantly changing conditions in the economic world make it necessary for the commission to study the industries affected in order to establish the basis for intelligent revision of the tariff.

The numerous studies in the "Tariff Information Surveys"

described below were undertaken to supply Congress with such information as it might require in the revision of the tariff. The result of such study is that the commission is enabled to present a more or less complete current record of the rapidly changing phenomena of the industrial life of the country in so far as it is affected with an interest from the point of view of tariff legislation. To illustrate this phase of the commission's work it is only necessary to note in its more recent annual reports those sections which summarize the studies of the year. The following, selected from the 1919 report, is typical:

Prior to the war, the domestic crude barytes industry was localized in Missouri . . . War conditions caused a four-fold increase . . . accomplished largely by development of deposits in Georgia, Tennessee, and Kentucky, and by a doubling of production in Missouri . . . Efforts were made to cultivate several indispensable drugs which appeared suitable to American climatic conditions. Marked success was reported with two important medicinals, belladonna and digitalis, and also with cannabis indica, the drug obtained from Indian hemp. . . . In recent years the United States has developed a considerable export trade in gas mantles, etc., . . . a significant development during 1919 in the coal tar industry is the increase of 17.2 per cent in the productive capacity of by-product coke ovens in the United States, with the result that the production of coke in by-product ovens exceeded that of the wasteful beehive ovens. . . .

In cases where an industry itself suggests a change in a particular tariff rate or classification, the commission serves as a preliminary reviewing body for Congress. It examines the claims submitted, sifts the available evidence, and reports to Congress, thus materially curtailing the labor of the Congressional committees. An instance of such a service was afforded in the latter part of 1917 when the attention of the commission was directed by factors in the brush industry to the fact that competition was impossible with

foreign goods, particularly those of Japan, because of the high cost of labor and materials in the United States, and that these foreign products were then being offered on the American market at prices the domestic industry could not meet. It was pointed out that the prevailing ad valorem duty did not afford sufficient protection to the United States industry, and the commission made a study of conditions and presented its findings to Congress.

Reclassification of Commodities. Changes in industrial technique and the progress of invention make necessary continuous reclassification of commodities subject to tariff. The commission found, for example, that in the glass industry

> Although the rates of duty have been changed under all tariff acts, there has been but little change in the classification for upwards of 40 years. Great branches of the industry, such as that of illuminating glassware, have been created and developed during that period, and of these the tariff acts and classification have taken no cognizance. . . . The glass tariff classifications of some foreign countries are much more detailed than those in the tariff law of the United States. A suggested classification approved by the American Association of Flint and Lime Glass Manufacturers contains 55 paragraphs, whereas the tariff act of 1913 has but 29 paragraphs.

Similarly the commission pointed out that surgical instruments, as such, have never been provided for in tariff legislation but had been treated "as manufactures of steel not otherwise provided for," and that the manufacturers desired that a separate classification be made.

Defects in Existing Tariff Laws. In its investigations of the various aspects of the tariff question, the commission has noted that the statutory classification of commodities is not always logical, that duties on finished products are not in proportion to the duties on the raw materials, and that the same articles sometimes appear in different paragraphs, thus causing doubt as to the rate of duty to be applied.

In so far as available funds permit, it attempts to prepare for "an eventual simplification and smoothing of the language of the statute." Thus the studies made on dyes and coal-tar chemicals have made it clear that there are "many loopholes which permit the evasion of the intent of the law, and there are also serious difficulties in the interpretation and administration of the law as it stands." A report was submitted to Congress pointing out in detail the features of the act requiring modification, accompanied by a draft of a bill which embodied these modifications.

Effects of Preferential Transportation Rates. Before the period of war-time governmental operation of the railroads, special rates for transportation were in effect on various imported and exported articles to foster the tonnage arising from foreign trade and to neutralize in some measure the effects of customs duties on similar commodities derived from domestic sources. Upon the resumption of private operation of the railroads these lower rates were reëstablished in various sections of the country. In order to determine the significance of this situation in relation to the tariff the commission is investigating the extent and effect of the practice both here and abroad.

Effects of War Disturbances. It has become a truism that the World War with its blockades, embargoes, and other restrictions on commercial activity, has profoundly changed the industrial and commercial map of the world. The commission is constantly investigating the changes which have occurred and are occurring in industry and trade in order to provide Congress with the necessary information. An illustration of this type of study is to be found in the inquiry made in the summer of 1918 of the import trade in cotton goods. It was found that

> The venetian trade presents a typical after-war tariff problem. This fabric was originally finished in the Bradford district of England, and up to 1915 was almost entirely imported. The expanding uses for venetians in this country

during the past few years, however, combined with the inability of the English mills, restricted in output and hampered by wartime difficulties, to supply all needs, stimulated American manufacturers to renewed experimentation and opened a market for their increased production, with the result that during the past year (1917-18) domestic manufacturers were supplying probably half of the American market for venetians. In June, 1918, a large part of the supply, both imported and domestic, was taken over by the War Department, as an emergency measure, for the lining of service coats.

The continued maintenance of the American venetian industry after the war is dependent partly upon the measure of tariff protection accorded this class of goods, and partly upon factors of trade conditions and comparative costs here and abroad which can not be fairly gauged until industry returns to normal.[3]

Investigations Conducted to Aid the President in Administration. It will be recalled that the Tariff Board of 1909-12 was created originally to aid the President in the administration of the so-called "maximum and minimum" clause of the Revenue Act of 1909, and that the Democratic Congress of 1912 refused to grant an appropriation for the board, primarily because it was not responsible to Congress. In the act creating the Tariff Commission provision was made for joint use by the President and Congress. Heretofore, the commission's contact has been mainly with Congress, primarily because during the War period the tariff problem was of subordinate interest. With the tariff question resuming something of its old prominence, this situation may change. There were, however, two directions in which the President has utilized the commission, first to aid in carrying out certain provisions of the Tariff Act by making censuses of dye-stuffs and, secondly, to perform various war services.

Censuses of Dye-stuffs and Other Coal-Tar Chemicals. The provisions of the Revenue Act of 1916, which led the

[3] Tariff Commission, Annual Report, 1918, p. 12.

President to designate the Tariff Commission as the agent for the collection of certain statistical data from the dyestuffs industry have already been described. Three such censuses have been made, but in the third one, made in 1919, in order to avoid duplication of work and to save annoyance to the industry consequent from two government bodies making investigations simultaneously the work was performed in coöperation with the Bureau of the Census which was undertaking a general census of manufactures in that year.

Special War Services. Since the commission was organized only six days before the declaration of war most of its work thus far has been prosecuted under war and reconstruction conditions. Consequently, both the members of the commission and the staff were utilized in various war activities. The President directed the Chairman of the Commission to serve upon the price fixing committee of the War Industries Board and upon various Food Administration Committees. He also was appointed a director of the Sugar Equalization Board. In February, 1919, the President directed him to serve in Paris as an economic advisor to the American delegation to the peace conference. He also acted as chairman of the international sub-commission which drafted the customs legislation clauses of the peace treaty.

Not only was the personnel utilized but the information made available by the investigation and research of the commission and both published and unpublished data relating to tariff and commercial treaty matters were placed at the disposal of the House Commission in 1918 when it was gathering material for use at the peace conference. The records and data available in the commission's files were used by the War Trade Board, the Shipping Board, and the War Industries Board. In view of these special activities it is apparent that there are many ways in which the President may utilize the commission for administrative purposes, whenever the occasion arises.

Investigations as the Basis in International Tariff Relations. Section 704 of the act creating the commission gives it the power to

investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates, the volume of importations compared with domestic production and consumption, and conditions, causes, and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production.

Investigations have been made of various industries abroad; such as the British wool manufacturing industry, the silk production and manufacture in France, Italy, and Switzerland, and the British metal and chemical industries. An attempt was made to ascertain, as far as possible, differences in costs of production, wages, and prices in those countries as compared with the United States; changes brought about by the World War; general conditions of production and marketing; the nature of probable competition in the American market, etc. Investigations have also been made of the industrial development and tariff policy in Japan. A report has been prepared which describes the position of Japan as an industrial power with regard to labor, fuel and power, raw materials, and transportation; sketches briefly the general industrial and financial structure of the country and the effects of the war upon Japanese industrial development in the principal branches of manufacture; and presents certain comments upon the outlook for the future of Japanese industry, particularly in relation to trade with the United States and the character of the competition that may be expected in the American market.

This report includes detailed study of the cotton and silk manufacturing industries of Japan with a comparison of relative conditions of production and cost in the Japanese

and American industries. Lack of funds have, however, thus far restricted the scope of these foreign investigations.[4]

At the request of the Ways and Means Committee investigations are being made into the colonial tariff policies of the principal countries, commercial treaties, and reciprocity with Canada. A study has been made in response to this committee's request of the operation of Canada's "anti-dumping law" and the extent of dumping and unfair foreign competition in the United States, through the deceptive use of trade marks, false labeling, undervaluation, etc.

Little has been accomplished in the study of international costs of production both because of lack of funds and because, up to recent date, economic conditions have been too much disturbed to justify such studies for tariff purposes. Cost studies are being made only in a few industries in the United States,—the dye, wool, and sugar industries. Like investigations are contemplated in certain chemicals, silk, and certain branches of the ferro-alloy industry. Inasmuch as such work is relatively expensive, no significant expansion of work in this field is possible under such appropriations as have been granted in the past. As a partial substitute for cost studies abroad comparative price studies are being made so that both domestic costs and domestic prices can be compared with foreign prices.

In consequence of the investigations on this phase of the tariff problem, the commission is submitting various recommendations for the formulation of a policy for the United States in its tariff relations with other countries. Thus it has recommended that in utilizing the tariff to prevent "discrimination to the disadvantage of American citizens and their products in foreign countries," the principle should be adopted that "the United States should ask no special favors and grant no special favors . . . that it should exercise its powers and should impose its penalties not for the purpose

[4] House of Representatives, Hearings on the Sundry Civil Appropriation Bill for 1922, p. 598.

of securing discriminations in its favor but to prevent discriminations to its disadvantage." For execution of this policy, the commission recommends enactment of legislation which

should be sufficiently inclusive to enable the President to penalize not merely open discriminations, but also discriminations more or less concealed in customs regulations, transportation rates, sanitary provisions, or even in classification where the effect is to place American products at a serious disadvantage. Congress should enumerate the articles or commodities upon which additional duties may be imposed and should specify the maximum increases which may be made in such duties as penalties for discrimination. . . .

Having enumerated the articles and specified the maximum penalty duty Congress should leave the President wide discretion in administering the law within these limits. The necessary flexibility cannot be obtained unless the President has power to proclaim, at his discretion and without further action by Congress, the maximum tariff on any or all of the articles enumerated in the law, or to impose such additional duty up to the maximum authority in the law, as the circumstances may require. Many discriminations cannot be reached at all unless in the administration of the additional tariff thus provided the penalty can be fitted to the offense.

This recommendation has been given here in considerable detail not only because it concretely illustrates an important field of activity but also because the legislation suggested if enacted, would in all probability impose a new activity upon the commission, since the President would of necessity be guided almost exclusively by the advice and information presented by the commission in the administration of such penalizing laws.

As a result of its investigations into dumping and unfair foreign competition the commission has recommended that the anti-dumping law of September 8, 1916

be revised and strengthened, and that some official body, moving along lines sanctioned by Congress in the Federal Trade

Commission act, may reasonably be specifically instructed to deal with dumping as a manifestation of unfair foreign competitive methods . . . that in the case of imports, bonds providing for the collection of dumping duties subsequently assessed may be useful, and that the President or the Secretary of the Treasury may be empowered to impose additional duties, or even to refuse entry when industrially destructive dumping is proven or impending.

Here again there is indication of an additional line of activity for the future if the recommendations of the commission are adopted.[5]

General Research and Information. There is no sharp line to be drawn between the activities comprehended under this heading and those already described, for many of the investigations pursued in response to a specific need are of utility also as works of general reference, while all work that is in the nature of general reference is potentially subject to use in meeting special problems. The canon of distinction is, however, that of original or primary purpose so that a separate classification is here required for the work that is being done by the commission in general research and information.

Studies have been made of the commodities listed in the various schedules of the tariff act and the free list. These studies, published as "Tariff Information Surveys", were originally planned to furnish in compact form all available in-

[5] In its study of foreign tariffs and international trade relations the commission coöperates with several other government agencies whose work directly or indirectly touches this field. The State Department has a special assistant to the Acting Foreign Trade Adviser who maintains complete current files on developments in relation to trade treaties and customs tariffs, which are of interest to the United States, and prepares memoranda and correspondence on customs and treaty matters. The division of foreign tariffs in the Bureau of Foreign and Domestic Commerce maintains a current record of existing regulations in foreign countries with respect to customs charges, which are published in the Commerce Reports and reprinted in special pamphlets, "Foreign Tariff Notes." Translation of foreign tariffs are made at frequent intervals and published in the "Tariff Series" of the division.

formation which might be of utility to Congress in its revision of the tariff. In illustration of the progress made, by June 30, 1920, seventy-five surveys were completed of chemical commodities in Schedule A and the free list and it was predicted that by January, 1921, practically all commodities in this schedule and the free list would be completed. The commission is therefore prepared to supply Congress with data on nearly every chemical commodity embraced in the tariff.[5a]

Two general reference books were prepared for Congress, at the request of and in coöperation with the Ways and Means Committee. One entitled "Summary of Tariff Information, 1920"

gives information and economic data as to the several thousand commodities embraced in the tariff. This information includes a description of the commodity, its various uses, the methods and circumstances of its production, significant conditions as to the foreign competition, as well as significant changes of imports and the latest available information as to exports, with special reference to the experience immediately preceding the war. Finally, under the caption, "Interpretation and comments," appear pertinent decisions of the Treasury Department, of the Board of General Appraisers, and of the courts.

Attention is called also to inconsistencies and inequalities in the existing tariff laws. The second book, entitled "Statistics of Imports and Duties, 1908–1918" is a compilation, arranged alphabetically, of the imports entered for consumption, as reported by the Department of Commerce.

[5a] See Appendix 3 for more detailed description of these surveys. Since the above was written the commission has reported the completion to December, 1921 of 175 such surveys in chemicals, oils, and paints, in the form of twenty-eight separate pamphlets; eleven pamphlets on commodities of schedule B of the Tariff Act; thirty-eight pamphlets on metals and manufactures thereof (Schedule C); etc. (See Tariff Commission, Annual Report 1921, p. 9 et seq.)

A "Dictionary of Tariff Subjects" is now being prepared which will aim to present a unification of information on tariff subjects. "Each subject will receive basic treatment giving the substance and circumstances of major importance as clearly and fully as dictionary conciseness will permit. First-hand information will be given."

These and the other publications of the commission thus far issued are, obviously, of great value in providing easily accessible, systematically arranged, information on various aspects of the tariff problem for the information of Congress and the general public.

CHAPTER III

ORGANIZATION

Legal Provision as to Organization. The act which created Tariff Commission contained several restrictions upon its organization. It provided for six Commissioners, two of whom were to be designated annually by the President as Chairman and Vice-Chairman, respectively. To insure the establishment of a nonpartisan body, the act directed the President in making his appointments to the Commission to "alternate as nearly as may be practicable," members of different political parties and not more than three Commissioners could be of the same political party. The commission was authorized to appoint a secretary whose salary was fixed at $5,000 per annum, and a nucleus for the working staff was provided by Section 705 of the act that upon the organization of the commission, the Cost of Production Division in the Bureau of Foreign and Domestic Commerce and the clerks and employees of that division should be transferred to the commission.

All employees were to be appointed from lists of eligibles supplied by the Civil Service Commission with the exception of the Secretary, a clerk to each Commissioner, and "such special experts as the Commission may from time to time find necessary for the conduct of its work." In practice this last exception has resulted in giving the commission a free hand in the selection of its investigating staff, since special experts comprise practically half the total number of employees.[1]

[1] Out of 94 employees on June 30, 1920, 45 were listed as special experts.

By the appropriation acts of July 1, 1918 (40 Stat. L., 652) and July 19, 1919 (41 Stat. L., 182), it was provided that the disbursing clerk of the Treasury Department should act in a similar capacity for the Tariff Commission. Since July 1, 1920, the Secretary of the commission has been its disbursing officer.

In general, the organization of the Tariff Commission, as might be inferred from the nature of its work and its relatively small staff, represents a functional adaptation rather than a rigidly logical arrangement.

Administration. The power of general administration is vested in the six Commissioners, two of whom are designated annually by the President as Chairman and Vice-Chairman, respectively. While the law does not provide for a subdivision of labor among the Commissioners as in the case of the Interstate Commerce Commission, there is for supervisory purposes an informal division of responsibility in accordance with the interests of the various Commissioners, one of whom is concerned primarily with the work of the metals divisions, another with the studies in international commercial relations, another with the textiles, and so forth. Nevertheless the studies of the commission as published, do not represent the specializations of individual members but the joint labor of the commission as a whole.

The Secretary of the Commission deals with all matters involved in the operation of the establishment as an institution and the administrative routine. He functions also as the disbursing officer.

Institutional Services. The institution services which are under the direction of the Secretary consist of the library division, the stenographic division, and a small group of employees connected with handling of supplies, operation of telephone, multigraph and mimeograph, and so forth. The employees in the stenographic division are allotted to the

various commodity sections and to other divisions as conditions require.

Functional Services. The functional services of the commission consist of four divisions as follows:

Legal Division
Accounting and Statistical Division
Commodities Division
Division of Foreign Tariffs and International Commercial Relations

The legal and accounting and statistical divisions work independently on special problems and also, as general service divisions, coöperate with the commodity experts on problems arising in their respective fields. The commission has organized in the commodities division, a staff of experts with an appropriate force of clerks, grouped in sections dealing with series of commodities enumerated in the schedules of the Tariff Act. These sections are as follows:

Section 1. Dealing with commodities of Schedule [2] A—Chemicals, oils, and paints.

Section 2. Dealing with commodities of Schedule B—Earths, earthenware, and glassware.

Section 3. Dealing with commodities of Schedule C—Metals and manufactures of.

Section 4. Dealing with commodities of Schedules D, E & M—Wood, sugar, molasses, and manufactures of; papers and books.

Section 5. Dealing with commodities of Schedule G—Agricultural products.

Section 6. Dealing with commodities of Schedules I, J. K and L—Cotton manufactures; flax, hemp, and manufactures of; wool and manufactures of; silk and silk goods.

Section 7. Dealing with commodities of Schedule N—Sundries.

[2] Referring to the schedules of the tariff act.

Changes in emphasis on the problems studied at different times results in the transfer of special experts and clerks from section to section and the creation of new sections.

The division of foreign tariffs and international commercial relations is concerned with the study of the problems enumerated in Section 704 of the act creating the commission, which has already been quoted above. This division performs a service in many respects similar to the foreign tariffs division of the Bureau of Foreign and Domestic Commerce. The latter, however, gathers information as to foreign tariffs primarily to serve American business men engaged in foreign trade by prompt notification of changes in foreign customs regulations while the former aims to supply Congress with proper information as an aid to its establishment of a policy in international commercial relations.

Personnel. The following statement shows the personnel of the Commission as of June 30, 1920:

Commissioners	4
Secretary	1
Clerks to Commissioners	1
Special experts	45
Clerks, including stenographers and typists	44
Messengers	2
Telephone operator and stock clerk	1
Skilled laborer	1
Total	99

APPENDIX 1

OUTLINE OF ORGANIZATION

Explanatory Note

The Outlines of Organization have for their purpose to make known in detail the organization and personnel possessed by the several services of the National Government to which they relate. They have been prepared in accordance with the plan followed by the President's Commission on Economy and Efficiency in the preparation of its outlines of the organization of the United States Government.[1] They differ from those outlines, however, in that whereas the commission's report showed only organization units, the presentation herein has been carried far enough to show the personnel embraced in each organization unit.

These outlines are of value not merely as an effective means of making known the organization of the several services. If kept revised to date by the services, they constitute exceedingly important tools of administration. They permit the directing personnel to see at a glance the organization and personnel at their disposition. They establish definitely the line of administrative authority and enable each employee to know his place in the system. They furnish the essential basis for making plans for determining costs by organization division and subdivision. They afford the data for a consideration of the problem of classifying and standardizing personnel and compensation. Collectively, they make it possible to determine the number and location of organization divisions of any particular kind, as, for example, labora-

[1] House Doc. 458, 62d Congress, 2nd Session, 1912, 2 vols.

tories, libraries, blue-print rooms, or any other kind of plant possessed by the National Government, to what services they are attached and where they are located, or to determine what services are maintaining stations at any city or point in the United States. The Institute hopes that upon the completion of the present series, it will be able to prepare a complete classified statement of the technical and other facilities at the disposal of the Government. The present monographs will then furnish the details regarding the organization, equipment, and work of the institutions so listed and classified.

APPENDIX 1

OUTLINE OF ORGANIZATION

Tariff Commission

July 1, 1921

Organization Units; Classes of Employees	*Number*	*Annual Salary Rate*
1. General Administration		
1. The Commissioners	6	$7,500
2. Office of the Secretary		
Secretary	1	5,000
Clerk	1	2,000
	1	1,800
	1	1,600
2. Institutional Services		
1. General		
Telephone Operator and Supply Clerk	1	1,200
Multigraph, Mimeograph and Operator	1	1,200
Messenger Boy	1	840
Skilled Laborer	1	1,320
2. Library Division		
Librarian	1	2,180
Assistant Librarian	1	1,600
Clerk	1	1,200
3. Stenographic Division		
Chief of Section	1	2,000
Stenographer	3	1,800
	3	1,600
	1	1,500
	5	1,440
	2	1,320
	3	1,200
Typists	2	1,000
	1	960
3. Functional Services		
1. Legal Division		
Special Expert	1	4,500
Stenographer	1	1,800
2. Accounting and Statistical Division		
Special Expert	1	4,500
	3	2,500

	1	2,220
	1	2,160
Clerk	1	2,160
	1	1,700
	1	1,600
	5	1,500
	1	1,440
	3	1,400
3. Commodities Division		
1. Schedule A[2]—Chemicals, oils and paints		
Special Expert	1	4,500
	1	3,240
Clerk	2	1,740
2. Schedule B[2]—Earths, earthenware, and glassware		
Special Expert	1	3,780
Clerk	1	1,800
3. Schedule C[2]—Metals and manufactures of		
Special Expert	1	4,500
	1	3,500
	1	3,000
	1	2,500
	1	2,400
4. Schedules D. E. & M—Wood, sugar, molasses and manufactures of, papers and books		
Special Expert	1	4,500
	1	2,500
5. Schedule G—Agricultural Products		
Special Expert	1	3,500
	2	2,500
6. Schedules I, J. K & L—Cotton manufactures; flax, hemp, jute and manufactures of; silks and silk goods		
Special Expert	1	5,000
	4	3,000
	1	2,500
Clerk	1	2,100
7. Schedule N—Sundries		
Special Expert	1	3,500
	1	3,000
4. Foreign Tariffs and Internal Commercial Relations		
Special Expert	1	4,000
	1	3,000
	1	2,500
	1	1,800
Clerk	1	1,600

[2] Referring to the various schedules of the Tariff Act.

APPENDIX 2

CLASSIFICATION OF ACTIVITIES

Explanatory Note

The Classifications of Activities have for their purpose to list and classify in all practicable detail the specific activities engaged in by the several services of the National Government. Such statements are of value from a number of standpoints. They furnish, in the first place, the most effective showing that can be made in brief compass of the character of the work performed by the service to which they relate. Secondly, they lay the basis for a system of accounting and reporting that will permit the showing of total expenditures classified according to activities. Finally, taken collectively, they make possible the preparation of a general or consolidated statement of the activities of the Government as a whole. Such a statement will reveal in detail, not only what the Government is doing, but the services in which the work is being performed. For example, one class of activities that would probably appear in such a classification is that of "scientific research." A subhead under this class would be "chemical research." Under this head would appear the specific lines of investigation under way and the services in which they were being prosecuted. It is hardly necessary to point out the value of such information in planning for future work and in consideration of the problem of the better distribution and coördination of the work of the Government. The Institute contemplates attempting such a general listing and classification of the activities of the Government upon the completion of the present series.

Classification of Activities

The U. S. Tariff Commission, in the words of Dr. Taussig, its first Chairman, "is a body purely for gathering information and suggesting recommendations. It has no administrative or judicial functions like those of the Interstate Commerce Commission or the Federal Trade Commission." Consequently a classification of its activities resolves itself merely into a classification of its various investigations.

1. Assistance to Congress in Reform of Customs Administrative Law
    1. Revision of customs administrative laws
    2. Study of interim legislation
    3. Study of free or foreign trade zones
2. Assistance to Congress in Revision of Tariff Laws
    1. Investigation of changes required in specific tariff rates
    2. Reclassification of commodities
    3. Discovery of inconsistencies, ambiguities, and inequalities in existing tariff laws
    4. Investigation into effects of special export and import railroad rates and other preferential transportation rates upon tariff rates
    5. Study of effects of war disturbances upon tariff questions
3. Assistance to the President in Administration
    1. Census of dye-stuffs and other coal-tar chemicals
    2. Special services in war time
4. Assistance to the Administration in Determination of its Policies in its International Tariff Relations
    1. Investigation of industrial conditions abroad
    2. Study of international comparative costs of production
    3. Study of colonial tariff policies of foreign countries
    4. Investigation of unfair practices in international trade competition

5. General Research and Investigation
    1. "Surveys" of commodities
    2. Dictionary of tariff subjects, summaries, handbooks, etc.

APPENDIX 3

PUBLICATIONS

The publications [1] of the commission are of two kinds: those printed for the use of congressional committees which are not available for general distribution and those prepared for general distribution, on sale by the Superintendent of Documents at the Government Printing Office.

Publications Prepared for General Distribution. This group of publications may be further subdivided into four groups, the annual reports of the commission, the investigations in reform of customs administrative laws, the so-called Tariff Information Series, and miscellaneous publications.

Annual Reports. These reports give full account of the work accomplished during the fiscal year by the commission and its staff, summarize the publications prepared and investigations conducted, and outline briefly the conclusions reached and recommendations made in these investigations and reports. There are included also tables of expenditures and classifications of personnel. The second annual report contains in the appendix samples of the tariff information catalog for certain commodities. All but the fourth annual report, which may be obtained from the Superintendent of Documents at ten cents per copy, are out of print.

[1] A list of these publications giving prices for those on sale by the Superintendent of Documents may be obtained from the commission. A "List of Principal Subjects Investigated and Reported Upon by the U. S. Tariff Commission" has been recently published by the commission which shows the status of work on each subject, the report number, the paragraph of the schedule of the tariff act to which each subject applies, etc.

Investigations in Reform of Customs Administrative Laws. Three such reports have been issued: "Interim Legislation," "Revision of Customs Administrative Laws," and "Free Zones in Ports of the United States." The supply of all these reports has been exhausted.

Tariff Information Series. The majority of the reports in this series are prepared as aids "to the study and clearer understanding of the tariff and its bearing on various industries." These reports contain "definitions of terms mentioned in the Tariff Act and brief descriptions, in language as nontechnical as possible, of processes of manufacture"; statistical tables of production, consumption, imports, exports, revenue received, rates of duty, etc.; descriptions of conditions existing in the industry at the time of publication as shown by the testimony of leading manufacturers; digest of decisions under the Tariff Act of 1913; etc. Studies of this sort have been made to date on Paper and Books [2]; Silk and Manufactures of Silk [2]; the Button Industry [2]; the Surgical Instrument Industry in the United States [2]; the Brush Industry [2]; Cotton Venetians; Cotton Yarn; Incandescent Gas-Mantle Industry; Barytes, Barium Chemical and Lithopone Industries and the Crude Botanical Drug Industry.

Several studies in this series are specially concerned with the effect of the war upon certain trades; the Glass Industry as Affected by the War,[2] Industrial Readjustment of Certain Mineral Industries Affected by the War, and the Dyestuff Situation in the Textile Industries.[2]

The reports of cost of production investigations are also issued in this series. They include Cost of Production in the Sugar Industry;[2] Cost of Production in the Dye Industry 1918 and 1919, and Refined Sugar—Costs, Prices and Profits.

By direction of the President, (see p. 36 supra) the commission has made four Annual Censuses of Dyes and Coal Tar Chemicals and reported the results in four publications

[2] Out of print.

of the Tariff Information Series, designated "Census of Dyes and Coal-Tar Chemicals" for 1917,[2] 1918, 1919, and 1920, respectively.

A few special studies have also been included in the series:—The Acids of paragraph 1 and Related Materials provided for in the Tariff Act of 1913[2]; and Agricultural Staples and the Tariff. A "Subject Index to Tariff Information Surveys and Reports" has been prepared and is listed as a member of the series.

Miscellaneous Publications. This group includes various reciprocity and commercial-treaty studies; a report on Dyes and Coal Tar Chemicals; Japan: Trade during the War; and an Outline of Work and Plans.[2]

Publications for the Use of Congressional Committees. Owing to the commission's lack of funds, for publication of many of its reports, the House Committee on Ways and Means has arranged for printing such studies as are of value to the committee, particularly in its revision of the Tariff Act of 1913.

Tariff Information Surveys. The Tariff Commission, shortly after its organization, planned a series of pamphlets of standard form, known as Tariff Information Surveys, aimed to bring together all available information which might be of service to Congress in any revision of the tariff.

Each survey gives a description of the article under discussion, with its various grades and uses. It then takes up the domestic production of the article, with special reference to the raw materials required and, where these are not available from domestic sources, the extent to which the industry must rely on imports. The process of manufacture is briefly described in order to indicate whether or not the industry is adapted to American conditions and whether highly skilled labor is required. The relation of domestic production to consumption is analyzed in order to show to what extent the domestic consumer is dependent upon imports for his supply

[2] Out of print.

and from what countries these imports come. If a commodity is one in which the United States production exceeds the consumption and an exportable surplus exists, the export trade is discussed and the principal countries of destination are shown. The amount, the nature, and the causes of foreign competition in the American market are stated and analyzed. The survey also shows the rate of duty on any given article under the various tariff acts since 1883, and gives decisions by the Treasury Department and the Court of Customs Appeals regarding classification of commodities under these laws.

When it became known that hearings would be held in January 1921, in contemplation of tariff revision, the commission informed the Committee on Ways and Means of the data which the commission had in manuscript form but which could not be published for lack of sufficient funds. The Committee on Ways and Means thereupon arranged for publication of the surveys.[3]

Miscellaneous. Among other of the Commission's publications made available by the Committee on Ways and Means, the following are the most significant:

Optical Glass and Chemical Glassware
Dyes and Related Coal-Tar Chemicals [2]
The Magnesite Industry
Tungsten Bearing Ores
Pyrites and Sulphur
Domestic Potato Product Industries
Dumping and Unfair Foreign Competition in the United States and Canada's Anti-Dumping Law
A Survey of the British Wool-Manufacturing Industry
Information Concerning American Valuation

[3] See the Tariff Commission's Annual Report, 1921, p. 9 et seq. for progress made to Dec. 1921 in publication of these "Surveys."

APPENDIX 4

LAWS

(A) Index to Laws

Creation	
Commission established	39 Stat. L., 795 Sec. 700
Personnel	
Commissioners	
Number of	39 Stat. L., 795 Sec. 700
Qualifications of	39 Stat. L., 795 Sec. 700
Political affiliation of	39 Stat. L., 795 Sec. 700
Manner of appointment of	39 Stat. L., 795 Sec. 700
Terms of office of	39 Stat. L., 795 Sec. 700
Appointment of chairman and vice chairman of	39 Stat. L., 795 Sec. 700
Cause for removal of	39 Stat. L., 795 Sec. 700
Salaries of	39 Stat. L., 795 Sec. 701
Authority to employ staff	39 Stat. L., 795 Sec. 701
Payment of expenses of	39 Stat. L., 796 Sec. 701
Secretary	
Manner of appointment of	39 Stat. L., 795 Sec. 701
Salary of	39 Stat. L., 795 Sec. 701
Staff	
Transfer of cost of production division of Bureau of Foreign and Domestic Commerce	39 Stat. L., 796 Sec. 705
Application of civil service laws	39 Stat. L., 796 Sec. 701
Unauthorized divulging of information by prohibited	39 Stat. L., 798 Sec. 708
Activities	
Investigations to be made of domestic aspects of tariff laws	39 Stat. L., 796 Sec. 702
Investigations of tariff relations with foreign countries	39 Stat. L., 796 Sec. 704
Investigation of Paris Economy Pact and similar organizations	39 Stat. L., 798 Sec. 708
Disposal of information	39 Stat. L., 796 Sec. 703
Authority to secure information	39 Stat. L., 797 Sec. 706
Power to take testimony	39 Stat. L., 797 Sec. 706
Attendance of witnesses	39 Stat. L., 797 Sec. 706
Punishment for contempt	39 Stat. L., 797 Sec. 706
Writs of mandamus authorized	39 Stat. L., 797 Sec. 706

Testimony by depositions	39 Stat. L., 797	Sec. 706
Documentary evidence	39 Stat. L., 797	Sec. 706
Fees and mileage of witnesses	39 Stat. L., 797	Sec. 706
Compulsory testimony	39 Stat. L., 797	Sec. 706
Coöperation with executive departments	39 Stat. L., 798	Sec. 707
Appropriations	39 Stat. L., 798	Sec. 709
	41 Stat. L., 1384	
Disbursing Clerk	40 Stat. L., 652	

(B) Compilation of Laws

1916—Act of September 8, 1916 (39 Stat. L., 756, 795)—An Act to increase the revenue, and for other purposes.

* * * *

TITLE VII.—TARIFF COMMISSION.

Sec. 700. That a commission is hereby created and established, to be known as the United States Tariff Commission (hereinafter in this title referred to as the commission), which shall be composed of six members, who shall be appointed by the President, by and with the advice and consent of the Senate, not more than three of whom shall be members of the same political party. In making said appointments members of different political parties shall alternate as nearly as may be practicable. The first members appointed shall continue in office for terms of two, four, six, eight, ten, and twelve years, respectively, from the date of the passage of this Act, the term of each to be designated by the President, but their successors shall be appointed for terms of twelve years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate annually the chairman and vice chairman of the commission. No member shall engage actively in any other business, function, or employment. Any member may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy shall not impair the right of the remaining members to exercise all the powers of the commission, but no vacancy shall extend beyond any session of Congress.

Sec. 701. That each commissioner shall receive a salary of $7,500 per year, payable monthly. The commission shall appoint a secretary, who shall receive a salary of $5,000 per year, payable in like manner, and it shall have authority to employ and fix the compensations of such special experts, examiners, clerks, and other employees as the commission may from time find necessary for the proper performance of its duties.

With the exception of the secretary, a clerk to each commissioner, and such special experts as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be appointed from lists of eligibles to be supplied by the

Civil Service Commission and in accordance with the civil-service law.

All of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders in making any investigation or upon official business in any other places than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the commission.

Unless otherwise provided by law, the commission may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary.

The principal office of the commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The commission may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United States or in any foreign country.

SEC. 702. That it shall be the duty of said commission to investigate the administration and fiscal and industrial effects of the customs laws of this country now in force or which may be hereafter enacted, the relations between the rates of duty on raw materials and finished or partly finished products, the effects of ad valorem and specific duties and of compound specific and ad valorem duties, all questions relative to the arrangement of schedules and classification of articles in the several schedules of the customs law, and, in general, to investigate the operation of customs laws, including their relation to the Federal revenues, their effect upon the industries and labor of the country, and to submit reports of its investigations as hereafter provided.

SEC. 703. That the commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested by the President or by either of said committees or by either branch of the Congress. And shall report to Congress on the first Monday of December of each year hereafter a statement of the methods adopted and all expenses incurred, and a summary of all reports made during the year.

SEC. 704. That the commission shall have power to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates, the volume of importations compared with domestic production and consumption, and conditions, causes, and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production.

SEC. 705. That upon the organization of the commission, the Cost of Production Division in the Bureau of Foreign and Domestic Commerce in the Department of Commerce shall be transferred to said commission, and the clerks and employees of said division shall be transferred to and become clerks and employees of the commission, and all records, papers, and property of the said division and

of the former tariff board shall be transferred to and become the records, papers, and property of the commission.

SEC. 706. That for the purposes of carrying this title into effect the commission or its duly authorized agent or agents shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation or association engaged in the production, importation, or distribution of any article under investigation, and shall have power to summon witnesses, take testimony, administer oaths, and to require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation. Any member of the commission may sign subpœnas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

Such attendance of witnesses and the production of such documentary evidence, may be required from any place in the United States at any designated place of hearing. And in case of disobedience to a subpœna the commission may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpœna issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the commission, any such court shall have jurisdiction to issue writs of mandamus commanding compliance with the provisions of this title or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this title at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person, firm, copartnership, corporation, or association may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the person taking the same, except employees of the commission, shall severally be entitled to the same fees and mileage as are paid for like services in the courts of the United States: *Provided,* That no person shall

be excused, on the ground that it may tend to incriminate him or subject him to a penalty or forfeiture, from attending and testifying, or producing books, papers, documents, and other evidence, in obedience to the subpœna of the commission; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which, in obedience to a subpœna and under oath, he may so testify or produce evidence, except that no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 707. That the said commission shall in appropriate matters act in conjunction and coöperation with the Treasury Department, the Department of Commerce, the Federal Trade Commission, or any other departments, or independent establishments of the Government and such departments and independent establishments of the government shall coöperate fully with the commission for the purposes of aiding and assisting in its work, and, when directed by the President, shall furnish to the commission, on its request, all records, papers, and information in their possession relating to any of the subjects of investigation by said commission and shall detail, from time to time, such officials and employees to said commission as he may direct.

SEC. 708. It shall be unlawful for any member of the United States Tariff Commission, or for any employee, agent, or clerk of said commission, or any other officer or employee of the United States, to divulge, or to make known in any manner whatever not provided for by law, to any person, the trade secrets or processes of any person, firm, copartnership, corporation, or association embraced in any examination or investigation conducted by said commission, or by order of said commission, or by order of any member thereof. Any offense against the provisions of this section shall be a misdemeanor and be punished by a fine not exceeding $1,000, or by imprisonment not exceeding one year, or both, in the discretion of the court, and such offender shall also be dismissed from office or discharged from employment. The commission shall have power to investigate the Paris Economy Pact and similar organizations and arrangements in Europe.

SEC. 709. That there is hereby appropriated, for the purpose of defraying the expenses of the establishment and maintenance of the commission, including the payment of salaries herein authorized, out of any money in the Treasury of the United States not otherwise appropriated, the sum of $300,000 for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for each fiscal year thereafter a like sum is authorized to be appropriated.

1918—Act of July 1, 1918 (40 Stat. L., 634, 652)—An Act Making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1919, and for other purposes.

* * * *

That the disbursing clerk of the Treasury Department shall act in a similar capacity for the United States Tariff Commission.[1]

1921—Act of March 4, 1921 (41 Stat. L., 1367, 1384)—An Act Making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes.

* * * *

For salaries and expenses of the United States Tariff Commission, including purchase and exchange of labor-saving devices, the purchase of professional and scientific books, law books, books of reference, and periodicals as may be necessary, as authorized under Title VII of the Act entitled "An Act to increase the revenue, and for other purposes," approved September 8, 1916, $300,000.

[1] This clause was repeated in the sundry civil appropriation act of July 19, 1919 (41 Stat. L., 182) but not in the two subsequent acts, (Act of June 5, 1920, 41 Stat. L., 893 and act of March 4, 1921, 41 Stat. L., 1384). Since July 1, 1920, the Secretary of the commission has been the disbursing clerk.

APPENDIX 5

FINANCIAL STATEMENT

Explanatory Note

Statements showing appropriations, receipts, expenditures and other financial data for a series of years constitute the most effective single means of exhibiting the growth and development of a service. Due to the fact that Congress has adopted no uniform plan of appropriation for the several services and that the latter employ no uniform plan in respect to the recording and reporting of their receipts and expenditures, it is impossible to present data of this character according to any standard scheme of presentation. In the case of some services the administrative reports contain tables showing financial conditions and operations of the service in considerable detail; in others financial data are almost wholly lacking. Careful study has in all cases been made of such data as are available, and the effort has been made to present the results in such a form as will exhibit the financial operations of the services in the most effective way that circumstances permit.

The appropriations to the Tariff Commission are made in lump sums "for salaries and expenses . . . including purchase and exchange of labor-saving devices, the purchase of professional and scientific books, law books, books of reference, and periodicals as may be necessary. . . ." The expenditures in the following statement show the total disbursements of the Commission. They include increases in compensation which were paid out of the regular appropriations of the Commission, Congress having inadvertently excluded

the employees of the Tariff Commission from the benefits of additional compensation by providing that the law did not apply to governmental agencies created since January 1, 1916. The act of May 29, 1920 (41 Stat. L., 631, 690) changed this by including the Tariff Commission in the list of services and independent bureaus excepted from the above provision. The employees of the commission are now entitled to the regular bonus.

TARIFF COMMISSION

*Appropriations and **Expenditures: Fiscal Years 1917 to 1922, Inclusive

	1917	1918	1919	1920	1921	1922
	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures
Salaries of Commissioners	$ 12,041.68	$ 41,979.16	$ 45,000.00	$ 35,625.00	$ 32,020.83	
Salaries of Staff [a]	16,300.58	105,370.82	132,130.00	185,076.23	189,234.25	
Travel and Field Expenses	.....	7,354.74	1,397.55	11,179.76	14,696.30	
Foreign Investigations	.....	.....	.....	8,704.43	1,711.80	
Special Investigations	.....	.....	.....	13,174.00	.....	
Books of Reference and Publication	.....	.....	.....	2,424.14	918.92	
Rent [b]	1,215.00	12,473.11	12,666.69	10,800.03	13,000.00	
Furniture, Office Equipment and Supplies [b]	14,532.04	12,764.16	641.72	10,890.78	13,721.69	
Printing and Binding [b]	.....	.....	8,164.04	22,125.63	29,682.68	
Total: Expenditures	[c] 44,089.30	179,941.99	200,000.00	300,000.00	294,986.47	[e]
Appropriations [d]	$ 300,000.00	$ 300,000.00	$ 200,000.00	$ 300,000.00	$ 300,000.00	$ 300,000.00

* Data from Digest of Appropriations.
** Data from Tariff Commission Reports: figured on a cash basis.
[a] Including "increase of compensation."
[b] Expended by the commission out of the regular appropriations.
[c] Expenditures March 21, date of organization of commission, to June 30, 1917.
[d] Appropriations made in lump sum.
[e] Expenditures for 1922 not yet available.

APPENDIX 6

BIBLIOGRAPHY [1]

THE TARIFF COMMISSION

Explanatory Note

The bibliographies appended to the several monographs aim to list only those works which deal directly with the services to which they relate, their history, activities, organization, methods of business, problems, etc. They are intended primarily to meet the needs of those persons who desire to make a further study of the services from an administrative standpoint. They thus do not include the titles of publications of the services themselves, except in so far as they treat of the services, their work and problems. Nor do they include books or articles dealing merely with technical features other than administrative of the work of the services. In a few cases explanatory notes have been appended where it was thought they would aid in making known the character or value of the publication to which they relate.

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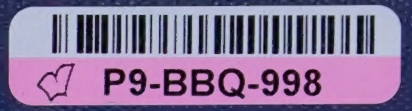
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